

SHEFFIELD CITY COUNCIL



Executive Director Report

Report of: Edward Highfield, Director, Creative Sheffield

Report to: Simon Green, Executive Director, Place

Date: 21 June 2016

Subject: **Launchpad Programme 2016 - 2019:** Approval for Creative Sheffield to enter into a funding agreement for ESIF (ERDF) grant to enable the delivery of business support to pre-start and early stage businesses (up to 2 years old).

Author of Report: Yvonne Asquith, Business Development Manager
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Key Decision: YES

Reason Key Decision: Expenditure over £500,000

Summary

This report seeks the approval for Creative Sheffield to enter into a funding agreement for the Launchpad programme which will provide pre-start and early stage businesses (up to 2 years old) with business support for the next 3 years.

The Launchpad programme is a £4 million, three year, part-ESIF funded programme, designed to increase business stock in the Sheffield City Region (SCR) through the provision of pre-start, start-up and post start support.

Sheffield City Council is part of a city region wide consortium including the

following partners: Barnsley MBC, Bassetlaw District Council, Derbyshire Dales District Council, Doncaster Council, Princes Trust and Rotherham Council. Barnsley MBC is the lead and the contract holder with DCLG.

The Launchpad Programme for Sheffield City Council totals £750,000 over a three year period and at an intervention rate of 60% it will bring into the service a total £450,000 over the three year period. This will essentially provide a financial contribution towards the following members of the Business Sheffield Team alongside a small budget for events and marketing:

- 2 x Business Start-Up Advisers
- 3 x Business Advisers
- 1 x Sales and Marketing Manager (50% contribution)

Reasons for Recommendations

Reputation and Reach

By recommending the approval of this funding Creative Sheffield can build on the reputation that its business support programme under the Business Sheffield banner has built since October 2014.

Investment

The Launchpad programme allows Sheffield City Council to build on its current provision of pre-start and early stage business support and will allow Creative Sheffield a greater degree of financial stability for the Business Sheffield service over the next three years, as the programme will part fund (60% intervention rate) with European Regional Development Fund (ERDF); 2 x Start-Up Advisers, 3 x Business Advisers and 1 x Sales and Marketing Expert (50%) at a time of significant financial challenge.

Impact

The funding will provide the following outputs:

- Support 135 early stage businesses
- Increase the number of employees those businesses above are taking on by 50
- Work with 217 individuals interested in starting a business to be ready to run their business.

Recommendations

It is recommended that the Executive Director:

1. Authorises the Council to accept the following grant offer for the Launchpad programme from Barnsley MBC (the lead and the contract holder with DCLG) for up to £450,000 of European Regional Development Fund (ERDF) grant (representing a total project spend of £750,000) over a three year period, effective from 1st April 2016 to 31st March 2019.
2. Notes that this is not to seek approval for Sheffield City Council to act as an Accountable Body for any third party

Background Papers: NONE

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES – on 19/05/2016
Legal Implications
YES – on 19/05/2016
Equality of Opportunity Implications
YES
Tackling Health Inequalities Implications
NO
Human Rights Implications
YES
Environmental and Sustainability implications
NO
Economic Impact
YES Cleared by: Edward Highfield
Community Safety Implications
NO
Human Resources Implications
NO
Property Implications
NO
Area(s) Affected
City Wide
Relevant Cabinet Portfolio Lead
Councillor Bramall
Relevant Scrutiny Committee
Economic and Environmental Wellbeing Scrutiny and Policy Development Committee
Is the item a matter which is reserved for approval by the City Council?
NO
Press Release
NO

Launchpad Programme 2016 - 2019: Approval for Creative Sheffield to enter into a funding agreement for ESIF (ERDF) grant to enable the delivery of business support to pre-start and early stage businesses (up to 2 years old).

1.0 SUMMARY

- 1.1 This report seeks the approval for Creative Sheffield to enter into a funding agreement for the Launchpad programme which will provide pre-start and early stage businesses (up to 2 years old) with business support for the next 3 years.
- 1.2 The Launchpad programme is a £4 million, three year, part-ESIF funded programme, designed to increase business stock in the Sheffield City Region (SCR) through the provision of pre-start, start-up and post start support.
- 1.3 Sheffield City Council is part of a city region wide consortium including the following partners: Barnsley MBC, Bassetlaw District Council, Derbyshire Dales District Council, Doncaster Council, Princes Trust and Rotherham Council. Barnsley MBC is the lead and the contract holder with DCLG.
- 1.4 The Launchpad Programme for Sheffield City Council totals £750,000 over a three year period and at an intervention rate of 60% it will bring into the service a total £450,000 over the three year period. This will essentially provide a financial contribution towards the following members of the Business Sheffield Team alongside a small budget for events and marketing:
 - 2 x Business Start-Up Advisers
 - 3 x Business Advisers
 - 1 x Sales and Marketing Manager (50% contribution)

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 Involvement in the programme will largely affect individuals in the city who are interested in starting a business who will be able to access a series of workshops that will allow them to realise whether their business idea is a viable prospect and provide them with the appropriate tools to get to this point.
- 2.2 The programme will also benefit start up businesses that are up to two years old that have either been through the process described in 2.1 above or contacted Business Sheffield after starting up. These early stage businesses will have access to a series of information sessions that will cover all aspects of running a business, run by a member of the Business Sheffield team or in partnership with a specialist from the private sector.
- 2.3 In addition pre-starts and early stage businesses will have access to a team of experienced Business Advisers who can do one of two things;

provide critical intervention at a crucial point in their business journey or in an Account Management role where there is an identified growth potential for the business.

- 2.4 It will also allow residents and businesses in Sheffield to access support available across the Sheffield City Region through the other Launchpad delivery partners highlighted in 1.3 above.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 The funding will allow Business Sheffield to continue one of the main parts of its delivery for the next three years at a time when Sheffield City Council is under serious financial constraints. Consequently Creative Sheffield can focus more of its own financial resource on other key areas of delivery.
- 3.2 Sheffield City Council will be responsible for delivering the following outputs for the programme:

Output Title	Total (over 3 years)	Description
Number of Enterprises Supported	135	Existing businesses (up to 2 years) old receiving 12 hours of support)
Enterprises receiving non-financial support	135	Existing businesses (up to 2 years old). Same as above output.
Enterprises supported	50	Activity to support a new business that is not trading and is less than 122 month registration with Companies House. The target is 50 and included in the number above.
Employment increase in supported enterprises (36 hour week job)	50	From the new businesses or existing businesses taking on more employees.
Number of potential entrepreneurs assisted to be enterprise ready	217	Pre-starts receiving support who are not trading or registered with Companies House.
Number of enterprises receiving information, diagnostic and brokerage	159	3 hours of support to existing businesses for information, diagnostic and brokerage.

4.0 MAIN BODY OF THE REPORT

4.1 Background

Originally part of the Local Enterprise Growth Initiative (LEGI). In April 2008 following the approval of £4.6 million of ERDF funding, the business support project became an integral part of the Enhanced LEGI programme (branded as Sheffield Enterprise programme). The Sheffield Enterprise Programme was rebranded in October 2014 and what was left of the LEGI programme, (business support) now operates under the title Business Sheffield. In addition all parts of the service were physically moved into Creative Sheffield so Business Sheffield operated under one roof to avoid the previously confusing business support landscape. The ERDF funding came to an end in March 2015, Creative Sheffield has been able to continue to fund the costs of Business Sheffield for a further financial year, but is increasingly under financial pressure.

Below is an outline of what Business Sheffield (under the Business Growth Service in Creative Sheffield) offers to residents (paying their Council Tax to Sheffield City Council) and businesses (paying their business rates to Sheffield City Council). The services described below are completely impartial and free.

Business Gateway

- The channel for all business enquiries in the City.
- The Gateway Team undertakes a diagnostic for all enquiries and:
- Provides immediate information, advice or signposting or makes referrals to the support listed below:

Business Start Up and Early Stage Businesses

- A series of start-up workshops and drop in sessions delivered by two experienced Business Start-Up Advisers.
- Access to a series of expert delivered sessions in important areas of running a business, delivered in-house or by private sector partners.
- Access to a team of three Business Advisers who have years of experience of dealing with new and early stage businesses.
- A specialist in Sales and Marketing

Business Growth Advisers

The Business Growth Advisers spearhead Business Sheffield's ongoing contact with growth oriented businesses, they:

- Receive referrals from the Gateway which works proactively to generate new business.
- Works with businesses passed on by Intermediary partners

and their own networks.

- Establish long term relationships with companies to support their growth in the long term.
- Provide direct support when appropriate and draw on specialist interventions when required (such as UK Trade and Investment for export support, the national Business Growth Service and the expertise available through Sheffield's two Universities).
- The Growth Adviser Team includes individuals who have started and grown their own business, who have worked for FTSE 100 companies and who have significant expertise.

4.2 Launchpad Programme Delivery

Through the Launchpad programme Creative Sheffield will be able to build on the activity highlighted in 4.4 and provide the following key things:

A series of 3 Start-Up Workshops for pre-starts to test whether they have a viable business idea all the way through to registering a business.

- Critical intervention with a Business Adviser or Sales and Marketing Expert for any start-up or early stage business (up to two years old).
- A series of information sessions delivered in house or by private sector partners (free of charge) on many aspects of running a business (covering marketing, legal, financial, HR etc). A small budget for events in the Launchpad programme will allow Business Sheffield to pay for event space to promote and cater for larger audiences (currently numbers are capped at a capacity of 15 people per event because of restrictions on the space available).
- High growth start-up support from a Business Adviser and or the Sales and Marketing Expert for any pre-start or early stage business with the ability to grow quickly (through employment, turnover etc).
- Access to partner provision across the Sheffield City Region allowing for a wider programme of activity for Sheffield residents and businesses.

4.3 Financial Implications

SCC Funding Agreement for European Structural Investment Fund (ESIF) is with Barnsley Metropolitan Council. SCC is a Delivery Partner and Barnsley MBC is the Accountable Body to DCLG. However, SCC has to abide by all Funding Agreements (City Region & Barnsley MBC and The Secretary of State for Communities & Local Government & Barnsley MBC).

SCC must also comply with EU and State Aid rules. This will be mitigated by having quarterly monitoring meetings with Barnsley MBC, spot checks made by Barnsley MBC Contract Compliance Officer, Audits and SCC financial monitoring and controls.

The Funding Agreement is for the period of 1st April 2016 to 31st March 2019. The funding amount is up to £450,000 and the total costs of the Launchpad project will be £750,000. Therefore, there will be match funding of £300,000 from Creative Sheffield, which has been identified in the revenue budget. Evidence of match funding is the responsibility of SCC and must be provided to Barnsley MBC, DCLG, the Sheffield Combined Authority or the National Audit Office.

The grant would fund 2 Start-Up Advisors, 3 Business Advisors and 1 Sales and Marketing Expert (50%), all of which are currently employed by Creative Sheffield. Also, two lap tops will be purchased using this grant (to deliver sessions). The Agreement states that an inventory for all assets must be established & maintained. The inventory must be registered with Barnsley MBC. Assets must not be disposed of or charged to any third party without written approval from Barnsley MBC.

SCC must ensure that they do not breach or impair (negligently) Barnsley MBC responsibilities to DCLG or the Sheffield Combined Authority, as SCC would then be at risk of claw back or repayment of funding. SCC will also underwrite Barnsley MBC's costs relating to loss, damage, liability suffered and legal fees/costs if SCC is found to be negligent.

A detailed monthly financial report (based on defrayed expenditure) and financial output claim must be sent to Barnsley MBC by the 5th working day after each month and are to be claimed 1 month in arrears. Payments made by SCC before the 1st April 2016 will be ineligible.

Barnsley MBC will retain 10% of the total eligible grant until the project is completed and a satisfactory final report has been received by them. SCC must keep records for 2 years after the Audit Authority submits the Annual Control Report. SCC has a comprehensive insurance policy which complies with the Agreement. No sub-contractors will be engaged.

4.4 Legal Implications

The Local Authority may accept the grant under s.1 of the Localism Act 2011, the general power of competence. It also has the power to deliver the project, to which the grant applies, under s.111 of the Local Government Act 1972.

There are three Agreements which incorporate all of the obligations that SCC must comply with, as a Partner in Project Launchpad. The Agreements are:

1. The Agreement between Barnsley Metropolitan Borough Council and the Sheffield City Region Authorities.
2. The Grant Agreement for Sheffield City Regional Local Growth

- Fund, Launchpad project.
3. The Funding Agreement between the Secretary of State for Communities and Local Government and Barnsley Metropolitan Borough Council for the Project.

SCC will be tied into the obligations of all these Agreements and the decision maker needs to be happy that the Council can comply with these obligations. The Council will provide match funding in the sum of £300,000.

SCC should ensure that the responsibilities of Barnsley Metropolitan Borough Council (Project sponsor), throughout all of the Agreements, are not breached or impaired negligently in carrying out, or by not carrying out its duties. If this were to occur then SCC would be subject to all such claims, including claw back or repayment of funding, which was released to the Project sponsor. SCC will also be liable for and fully indemnify the Project sponsor against all loss, damage and liability suffered and fees associated, from breach or negligence.

Procurements under these Agreements will be subject to European Procurement Rules, and both the Project sponsor and the Partners, including Sheffield City Council will need to comply with these. SCC will also have to ensure it is State Aid law compliant throughout the project. The European grant funding also brings with it a longer monitoring period, beyond the contract end date and the retention of documents for a longer period.

In addition Business Sheffield has been assigned a dedicated Contracts Officer at Barnsley Council who will be on hand to offer support and guidance throughout the contract period and will regularly monitor the project. A CRM system is also in development by Barnsley MBC which will allow ease of tracking of Launchpad programme clients which will assist with the monitoring of the outputs and submission of regular monthly claims.

The funding agreement is very similar (almost identical) to other EU funding agreements that SCC have previously delivered. Creative Sheffield has delivered a number of successful schemes of this nature and anticipates no issues in terms of compliance.

4.5 Equality of Opportunity

Business Sheffield is proud to support residents and businesses from all walks of life and is keen to promote equal opportunities for all protected characteristics (according to the Equalities Act 2010). Ensuring individuals needs are met is dealt with at the very early stages of engagement with clients at their first point of contact, through the Gateway Team. Accommodation of individual requirements are met when; choosing venues for meetings and workshops/information sessions and; by offering one-to-one meetings with a Business Adviser, where diagnostic by the Gateway highlights a specific issue/s determining that a

group workshop session would not be appropriate for the client.

5.0 ALTERNATIVE OPTIONS CONSIDERED

5.1 Do Nothing - Continue the pre-start and early stage business support without Launchpad involvement:

Creative Sheffield will only be able to continue funding the team from its central resource for a limited period without any additional income. This would result in a squeeze on finances as Creative Sheffield comes under more pressure. The risk of a drastic cut to the service would be high.

This option would also form a reputational risk if Sheffield City Council were not involved in the city region wide Launchpad programme. If the service for this kind of client group diminished because of resource constraints business support in the city for pre-starts and early stage businesses would be limited and not would not compare to our city region local authority neighbours who are involved in the Launchpad programme with Sheffield individuals and businesses potentially going to other Launchpad partners for support.

6.0 REASONS FOR RECOMMENDATIONS

6.1 Reputation and Reach

By recommending the approval of this funding Creative Sheffield can build on the reputation that its business support programme under the Business Sheffield banner has built since October 2014.

6.2 Investment

The Launchpad programme allows Sheffield City Council to build on its current provision of pre-start and early stage business support and will allow Creative Sheffield a greater degree of financial stability for the Business Sheffield service over the next three years, as the programme will part fund (60% intervention rate) with European Regional Development Fund (ERDF); 2 x Start-Up Advisers, 3 x Business Advisers and 1 x Sales and Marketing Expert (50%) at a time of significant financial challenge.

6.3 Impact

The funding will provide the following outputs:

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7.0 RECOMMENDATIONS

7.1 It is recommended that the Executive Director:

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